

VIRGINIA DEPARTMENT OF MINES, MINERALS & ENERGY
VIRGINIA GAS AND OIL BOARD

Minutes and results of hearings, July 15, 2008

Board members present included Chairman Benny Wampler, Mr. Bruce Prather, Mrs. Kate Dye, Mrs. Mary Quillen, Mr. Donnie Ratliff and Mr. Bill Harris.

Mrs. Sharon Pigeon, Esq. representing the Attorney General's Office, David E. Asbury, and Diane J. Davis of the Division of Gas and Oil and Staff of the Board were also present.

Pursuant to Sections 45.1-361.9.B and 45.1-361.22.B of the Code of Virginia, the Virginia Gas and Oil Board conducted a hearing that commenced at 9 a.m. on Tuesday, July 15, 2008, at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, Virginia. The board heard and took the following actions:

1. A petition from Catherine Jewell on behalf of Buck Jewell Resources, LLC appealing a decision by the Director of the Division of Gas and Oil regarding Informal Fact Finding Conference IFFC 21308. Docket number **VGOB-08-0617-2237**. Continued from June.

The applicant is objecting to the modification of permits for Gas Well Application 11342, CBM – H53 w/pipeline (BU-3566) and Gas Well Application 11343, CBM – H53A w/pipeline (BU-3568). The objection is based on § 45.1-361.35 (B) (4) "Location ...will unreasonably infringe on the surface owner's use of the unit..." The objection is also based, in-part, on the 1911 deed from Pocahontas Mining Corporation to Sarah E. Cole (Deed Book 42, page 252) which reportedly does not give Pocahontas the right to install gas or oil pipelines or the right to remove the timber from the 25 acre forest tract. In his the decision the Director stated:

"Permit Applicant apparently has rights to use Surface Owner's property to access their mineral estate. If this is in dispute, it must be contested in a court of proper jurisdiction. While it can be argued that any adverse use of property is an infringement, § 45.1-361.35 only allows consideration of *unreasonable* infringement, and allows that consideration only when there is a reasonable alternative site available within the unit. Surface Owners' testimony did not make a sound case for unreasonable infringement and other restraints eliminate reasonable alternative sites. The placement of proposed surface disturbances and the lack of demonstrated infringement on current or planned land use appear to negate invocation of unreasonable infringement. Because unreasonable infringement on Surface Owner's use of the property was not demonstrated, the objection under subsection 45.1-361.35B (4) is denied.

It is therefore the final decision of the Director that Surface Owners' objections are denied. Permit applications 11342 for operations CBM H53 and 11343 for operations CBM H53A will be assessed and issued according to normal DGO procedures."

Steve Minor and Katherine Jewell appeared before the board representing Buck Jewell Resources LLC (surface owner). Mark Swartz, Les Arrington and Paul Morrison represented CNX Gas Company (applicant). **New exhibits were presented depicting the proposed locations of the wells by the gas and coal owner,**

indicating both wells were within underground protective coal barriers. Alternate locations were suggested by the surface owner. After deliberation by the board, the decision of Director in IFFC 21308 was affirmed and is to include the pipeline, road and electrical structures within the same right of way.

2. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit U-20, hurricane District, Buchanan County, Virginia. Docket number VGOB-08-0617-2240. **Continued from June.**

In the U-20 80 acre unit, the applicant controls 96.55% of the coal and gas interests, and seeks to pool the remaining 3.45% of the interests. Unleased gas acreage subject to pooling totals 2.76 net acres in one tract having two unleased parties. A total of four tracts shown in the unit, there are four unknown surface owners in Tract 1. There are no unknown claimants subject to escrow reported. Two wells are proposed outside the unit with previous location exception approval by the board. There are no escrow requirements and no split agreements for this unit. Questions to CNX were raised regarding bonus payments, production costs and adequate information provided to potential lease parties so to make an informed election decision. After discussion **the petition was approved.**

3. A petition from Equitable Production Company for pooling of coalbed methane unit VC-535592, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-08-0617-2252. Continued from June.

In the VC-535592 58.77 acre unit, the applicant controls 83.83.0% of the coal and 98.48 % of the gas interests, and seeks to pool the remaining 16.17 % of the coal and 1.52% of the gas interests. Unleased coal acreage totals 9.41 acres and the unleased gas acreage subject to pooling totals 0.33 net acres having two unleased claimants in two tracts. There are no unknowns subject to escrow. The applicant requested a continuance for 60 days. **The petition was continued to September.**

4. A petition from Range Resources-Pine Mountain, Inc. for creation of a drilling unit and pooling of conventional gas unit V-504473, Kenady District, Dickenson County, Virginia. Docket Number VGOB-08-0617-2258.

The applicant seeks the creation of a drilling unit and pooling of conventional gas unit for well V-504473, encompassing 112.69 acres. The applicant controls 81.63 % of the gas estate and seeks to pool the remaining 18.36%. There are fifty two unleased claimants in two tracts with a total 20.7 unleased acres. There are also unknown claimants reflected within the petition.

Per the applicant, additional leases were picked up and revised exhibits dated 7/9/08 were filed at today's hearing. The exhibit indicated the applicant has 82.77 acres leased and have unknown interests. Operator seeks to pool 17.73 percent. Percent of acres subject to escrow is 14.12042775.

Statements from Polly Merie Labbato, Charlene Rasnick and Peggy Varney were heard by the board, requesting additional time for their family to develop a better

understanding of the petition and the permit application process. They stated they needed time to seek an attorney to assist in their understanding of the petition and to represent their interests. **The board approved a continuance to August.**

Petitions filed by S. T. Mullins and J. Scott Sexton on behalf of GeoMet operating appealing a decision by the Director of the Division of Gas and Oil regarding Informal Fact Finding Conference IFFC 20908. Docket Number VGOB-08-0617-2259. Continued from May.

Legal Counsels for GeoMet Operating Company have submitted an appeal of the Directors Decision in Informal Fact Finding Conference (IFFC), docket 20908. In his the decision the Director stated:

“With standing established, the remaining consideration is coal owner objections and the invocation of § 45.1-361.12.A by the objecting parties. That section is very straightforward and unequivocal. It does not require the objecting coal owner to provide explanation or justification, and does not allow for any discretion on the part of the Director. Simply put, the statute requires that, in the absence of an agreement between the Coal Owner and the Applicant regarding a well location within 2500’ of any existing well, the permit shall be denied. Both Jewell and Island Creek stated that they will not agree to any locations within the units.

Based on the requirements of Section 45.1-361.12.A of the Virginia Gas and Oil Act, it is, therefore, the decision of the Director to deny the permits for operations Rogers 201 CBM Unit F-44 (application # 10140) (based on objections by Jewell Smokeless Coal Corporation and Island Creek Coal Company) and Rogers 202 CBM Unit F-45 (application #10141) (based on objections by Island Creek Coal Company).”

After opening statements by counsel from both parties, a motion was accepted by the Chairman and approved by the board to continue docket items 5, 6, and 7 for 30 days.

This appeal of the Director’s decision in IFFC 20908 was continued to August.

5. A petition from S. T. Mullins on behalf of GeMet Operating Company appealing a decision by the Director of the Division of Gas and Oil regarding Informal Fact Finding Conference IFFC 21008. Docket Number VGOB-08-0617-2260. **Continued from June.**

Legal Counsel for GeoMet Operating Company has submitted an appeal of the Directors Decision in Informal Fact Finding Conference (IFFC), docket 21008. In his the decision the Director stated:

“With standing established, the remaining consideration is coal owner objections and the invocation of § 45.1-361.12.A by the objecting parties. That section is very straightforward and unequivocal. It does not require the objecting coal owner to provide explanation or justification, and does not allow for any discretion on the part of the Director. Simply put, the statute requires that, in the absence of an agreement between the Coal Owner and the Applicant regarding a well location within 2500’ of any existing well, the permit shall be denied. Island Creek stated that they will not agree to any locations within the units.

Based on the requirements of Section 45.1-361.12.A of the Virginia Gas and Oil Act, it is, therefore, the decision of the Director to deny the permits for operations 431 VA-D37 Rogers (Application #11243), 430 VA-D36 Rogers (Application #11244), 429 VA-D35 Rogers (Application #11245), 425 VA-E36 Rogers (Application #11246), 424 VA-E35 Rogers (Application #11247), and 423 VA-E34 Rogers (Application #11248)."

After opening statements by counsel from both parties, a motion was accepted by the Chairman and approved by the board to continue docket items 5, 6, and 7 for 30 days. **This appeal of the Director's decision in IFFC 21008 was continued to August.**

6. A petition from Mark A. Swartz on behalf of Island Creek Coal Company appealing a decision by the Director of the Division of Gas and oil regarding Informal Fact Finding Conference IFFC 21108. Docket Number VGOB-08-0617-2261. **Continued to August.**

Legal Counsel for Island Creek Coal Company has submitted an appeal of the Directors Decision in Informal Fact Finding Conference (IFFC), docket 21108. In his the decision the Director stated:

"Since promulgation of the Virginia Gas and Oil Act of 1990, the Division of Gas and Oil has instituted requirements that are in accord with the view of Island Creek. That is, a consent-to-stimulate coal within 750 feet of the proposed coalbed methane well has been required from the mine operator, the coal lessee, or the coal fee owner in that order. Stated differently, all coals subject to stimulation as defined in § 45.1-361.29.F (2) are required to have a consent to stimulate from some owner. This is the real point of contest in this IFFC, and is one that has apparently not been raised before. GeoMet is challenging DGO's procedures and interpretation of statutes that require consent from some "Coal Owner" and is proposing that the "Coal Operator" definition is much narrower and is what the law demands.

A compelling case was made that the intent of the law is well demonstrated by the fact that the Virginia Gas and Oil Act contains separate definitions for "Coal Operator" and "Coal Owner", and refers only to the "Coal Operator" in its requirement for consent to Stimulate. On reflection, it seems illogical that two definitions would be used if there was no difference in the meaning of the two terms or complete overlap between them. While 18 years of precedent at DGO is not to be ignored, any possibility that that precedent was built on false interpretation of statute must be addressed.

It is, therefore, the decision of the Director that Island Creek Coal Company is not a "Coal Operator" in the area of the subject Applications, and that no consent to stimulate from Island Creek will be required for Rogers 209 VA-ZZZ41 (Application # 10080), Rogers 201 CBM F44 (Application # 10140), or Rogers 202 CBM F45 (Application # 10141). Because this decision is contrary to years of practice at DGO, it will not be instituted into general policy, if appeals are filed and expeditiously pursued, until all appeals have been heard or appeal rights have expired. DGO reserves the right to implement policy changes at any time with appropriate notice."

After opening statements by counsel from both parties, a motion was accepted by the Chairman and approved by the board to continue docket items 5, 6, and 7 for 30 days. **This appeal of the Director's decision in IFFC 21108 was continued to August.**

7. A petition from CNX Gas Company, LLC for pooling of Coalbed Methane Unit D-20, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-08-0715-2262.

In the **D-20, 80 acre unit**, the applicant controls 99.98% of the coal and gas interests, and seeks to pool the remaining 0.02% of the interests. Unleased gas acreage subject to pooling totals 0.02 net acres in one tract having two unleased parties. There are no unknown claimants and no conflicts are known to exist, therefore, no escrow is required to be established by the Board. One well outside the window is proposed with permit #8416 issued. After deliberation by the board, **the petition was approved.**

8. A petition from CNX Gas Company, LLC for pooling of Coalbed Methane Unit AA-56, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-08-0715-2263.

In the **AA-56, 80 acre unit**, the applicant controls 99.02% of the coal and 98.71% of the gas interests. The applicant seeks to pool the remaining 0.97% of the coal and 1.29% of the gas interests. Unleased gas acreage subject to pooling totals 1.03 net acres in three tracts having twenty one unleased parties. There are no unknown claimants subject to escrow reported. Two wells are proposed in the window and permits have been acquired. Conflicts do exist within tracts 4a and 4b that require establishment of an escrow. Revised exhibit were filed by the applicant at today's hearing. After deliberation by the board, **the petition was approved.**

9. A petition from CNX Gas Company, LLC for pooling of Coalbed Methane Unit FF-13, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-08-0715-2264.

In the **FF-13, 89.4 acre unit**, the applicant controls 100% of the coal and 99.84% of the gas interests. The applicant seeks to pool the remaining 0.1566% of the gas interests. Unleased gas acreage subject to pooling totals 0.14 net acres in two tracts. There are conflicting claimants and/or owners subject to escrow reported. Two wells are proposed in the unit window. The establishment of an escrow for tracts 1a and 1b is required. After deliberation by the board, **the petition was approved.**

10. A petition from CNX Gas Company, LLC for pooling of Coalbed Methane Unit WWW-20, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-08-0715-2265.

In the **WWW-20, 80 acre unit**, the applicant controls 91.87% of the coal, oil and gas interests. The applicant seeks to pool the remaining 8.13% interests. Unleased gas acreage subject to pooling totals 6.5 net acres in two tracts having five unleased parties. There are no unknown claimants subject to escrow reported. Revised exhibit B2 and B3 filed by the applicant at today's board hearing. Because of conflicting claimants, tract five does require establishment of an escrow account. Two wells are

proposed inside the unit window. After deliberation by the board, **the petition was approved.**

11. A petition from CNX Gas Company, LLC for **disbursement** of funds from escrow and authorization for direct payment of royalties on Tract 1, Unit J-38. Garden District, Buchanan County, Virginia. Docket Number VGOB-01-0515-0890-01.

Conflicting owners of coalbed methane royalties have reached an agreement regarding Tract 1, **Unit J-38** under Section 45.1-361.22(5) of the Gas and Oil Act. Edith G Street, Frederick H Combs, II Testamentary Trust c/o Kelly Necessary, Martha E. Combs and Carol & John Irvin, have been deeded the 1/9 conflicting interest in the Pocahontas No. 3 seam (previously shown as Island Creek Coal Company). Applicant identified the following with percentages for disbursement: Edith Street 15.77553, Fred Combs 5.25851, Martha Combs 5.25851 and Carol & John Irvin 5.25851 percent. **The disbursement was approved.**

12. A petition from CNX Gas Company, LLC for **disbursement** of funds from escrow and authorization for direct payment of royalties on Tract 7, Unit J-39, Garden District, Buchanan County, Virginia. Docket Number VGOB-01-0515-0891-01.

Conflicting owners of coalbed methane royalties have reached an agreement regarding Tract 7, **Unit J-39** under Section 45.1-361.22(5) of the Gas and Oil Act. Edith G Street, Frederick H Combs, II Testamentary Trust c/o Kelly Necessary, Martha E. Combs and Carol & John Irvin, have been deeded the 1/9 conflicting interest in the Pocahontas No. 3 seam (previously shown as Island Creek Coal Company). **The disbursement was approved.**

13. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 2, Unit K-37, Garden District, Buchanan County, Virginia. Docket Number VGOB-02-1119-1093-01.

Conflicting owners of coalbed methane royalties have reached an agreement regarding **Tract 2, Unit K-37** under Section 45.1-361.22(5) of the Gas and Oil Act. Edith G Street, Frederick H Combs, II Testamentary Trust c/o Kelly Necessary, Martha E. Combs and Carol & John Irvin, have been deeded the 1/9 conflicting interest in the Pocahontas No. 3 seam (previously shown as Island Creek Coal Company). Exhibit presented today indicate tract 1 but should be reflect as tract 2. After payout, the account should be closed. The exhibit was corrected to reflect tract 2 and the **disbursement was approved.**

14. A petition from Equitable Production Company for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas wells served by well VH-539989, Gladeville District, Wise County, Virginia. Docket Number VGOB-08-0715-2266.

The applicant is seeking to establish a provisional **320-acre** square drilling unit for drilling of **horizontal conventional gas wells** identified as (**VH-539989**). Applicant owns and or has a lease on 100% of the oil and gas interest in the entire 320.00 acre unit. Requested relief would include provisions for drilling of horizontal wells into any of several horizons, and the payment of royalties to all owners within the unit

according to their percentage ownership in the unit. The pool is defined as the top of the Mississippi-Devonian Age formations, including, but not limited to, the Weir, Big Lime, Berea, Devonian Shale, and all zones in communication therewith and all productive extensions thereof (the “Pool”) underlying the area. No application for the drilling of this unit has been submitted prior to this petition. After due consideration, **the petition was approved by the board.**

15. A petition from Equitable Production Company for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas wells served by well VH-539923, Gladeville District, Wise County, Virginia. Docket Number VGOB-08-0715-2267.

The applicant is seeking to establish a provisional **320-acre** square drilling unit for drilling of horizontal conventional gas wells identified as (**VH-539923**). Applicant owns and or has a lease on 100% of the oil and gas interest in the entire 320.00 acre unit. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. The pool is defined as the top of the Mississippi-Devonian Age formations, including, but not limited to, the Weir, Big Lime, Berea, Devonian Shale, and all zones in communication therewith and all productive extensions thereof (the “Pool”) underlying the area. No application for the drilling of this unit has been submitted prior to this petition. **The applicant requested a 60 day continuance. The petition was continued to September.**

16. A petition from Equitable Production Company for the establishment of a 235.41 acre provisional drilling unit for the drilling of horizontal coalbed methane gas wells served by well VCH-539985, Lipps District, Wise County, Virginia. Docket Number VGOB-08-0715-2268.

The applicant is seeking to establish a provisional **235.41-acre** square drilling unit for drilling of horizontal conventional gas wells identified as (**VCH-539985**). Applicant owns and or has a lease on 100% of the oil and gas interest in the entire 235.41 acre unit. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. The pool is defined as the top of the Raven, including but not limited to: Middle Seaboard, War Creek, Lower Horsepen, Pocahontas 9, and all zones in communication therewith and all productive extensions thereof (the “Pool”) underlying the area. No application for the drilling of this unit has been submitted prior to this petition. Representatives of Equitable Production Company stated they wish to withdraw this petition. **The petition was withdrawn.**

17. A petition from Equitable Production Company for the establishment of a 235.41 acre provisional drilling unit for the drilling of horizontal coalbed methane gas wells served by well **VCH-539945**, Lipps District, Wise County, Virginia. Docket Number VGOB-08-0715-2269.

The applicant is seeking to establish a provisional **235.41-acre** square drilling unit for drilling of horizontal conventional gas wells identified as (**VCH-539945**). Applicant owns and or has a lease on 100% of the oil and gas interest in the entire 235.41 acre unit. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. The pool is defined as the top of the Raven, including but not limited to: Middle Seaboard, War Creek, Lower Horsepen, Pocahontas 9, and all zones in communication therewith and all productive extensions thereof (the “Pool”) underlying the area. No application for the drilling of this unit has been submitted prior to this petition. Representatives of Equitable Production Company stated they wish to withdraw this petition. **The petition was withdrawn.**

18. A petition from Equitable Production Company for the establishment of a 235.41 acre provisional drilling unit for the drilling of horizontal coalbed methane gas wells served by well VCH-539944, Lipps District, Wise County, Virginia. Docket Number VGOB-08-0715-2270.

The applicant is seeking to establish a provisional **235.41-acre** square drilling unit for drilling of horizontal conventional gas wells identified as (**VCH-539944**). Applicant owns and or has a lease on 100% of the oil and gas interest in the entire 235.41 acre unit. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. The pool is defined as the top of the Raven, including but not limited to: Middle Seaboard, War Creek, Lower Horsepen, Pocahontas 9, and all zones in communication therewith and all productive extensions thereof (the “Pool”) underlying the area. No application for the drilling of this unit has been submitted prior to this petition. Representatives of Equitable Production Company stated they wish to withdraw this petition. **The petition was withdrawn.**

19. A petition from Equitable Production Company for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas wells served by well VH-539909 (BK-7), Roberson District, Wise County, Virginia. Docket Number VGOB-08-0715-2271.

The applicant is seeking to establish a provisional **320-acre** square drilling unit for drilling of horizontal conventional gas wells identified as (VH-539909) (**BK-7**). Applicant owns and or has a lease on 100% of the oil and gas interest in the entire 320.00 acre unit. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. The pool is defined as the top of the **Mississippi-Devonian Age formations, including, but not limited to, the Weir, Big Lime, Berea, Devonian Shale, and all zones in communication therewith** and all productive extensions thereof (the “Pool”) underlying the area. No application for the drilling of this unit has been submitted prior to this petition. The applicant requested a continuance for 30 days. **The petition was continued to August.**

20. A petition from Equitable Production Company for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas wells served by well VH-539922 (BK-11), Gladeville District, Wise County, Virginia. Docket Number VGOB-08-0715-2272.

The applicant is seeking to establish a provisional **320-acre** square drilling unit for drilling of horizontal conventional gas wells identified as VH-539922 (**BK-11**). *Applicant owns and/or has a lease on 100% of the oil and gas interest in the entire 320.00 acre unit.* Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. The pool is defined as the top of the Mississippi-Devonian Age formations, including, but not limited to, the Weir, Big Lime, Berea, Devonian Shale, and all zones in communication therewith and all productive extensions thereof (the "Pool") underlying the area. No application for the drilling of this unit has been submitted prior to this petition. After deliberation by the board, the **petition was approved.**

21. A petition from Equitable Production Company for the establishment of a 235.08 acre provisional drilling unit for the drilling of horizontal coalbed methane gas wells served by well VCH-539987, Hurricane District, Buchanan County, Virginia. Docket number VGOB-08-0715-2273.

The applicant is seeking to establish a provisional **235.08-acre** square drilling unit for drilling of horizontal conventional gas wells identified as (**VCH-539987**). Applicant owns and or has a lease on 100% of the oil and gas interest in the entire 235.41 acre unit. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. The pool is defined as the top of the **Raven, including but not limited to: Middle Seaboard, War Creek, Lower Horsepen, Pocahontas 9, and all zones in communication therewith** and all productive extensions thereof (the "Pool") underlying the area. No application for the drilling of this unit has been submitted prior to this petition. The applicant requested a continuance for 30 days. **The petition was continued to August.**

22. A petition from Equitable Production Company for pooling of unit supporting well VCI-538761 (Nora Grid #BU43), Kenady District, Dickenson County, Virginia. Docket Number VGOB-08-0715-2274.

In the VCI-538761 (**BU43**), **58.77 acre unit**, the applicant controls 100.0% of the coal and 94.07% of the gas interests. The applicant seeks to pool the remaining 5.93% of the gas interests. Unleased gas acreage subject to pooling totals 3.5 +/- net acres in four tracts having forty-four unleased parties. There are unknown claimants subject to escrow indicated. An escrowing account will be required for tracts 1, 2, 5, 6, 7, 11, 14 15 and 19. After deliberation by the board, **the petition was approved.**

23. A petition from Equitable Production Company for pooling of unit supporting well number VH-539923, **320 acre unit**, Gladeville District, Dickenson County, Virginia. Docket Number VGOB-08-0715-2275.

In the VH-539923 (**BI-11**), **320 acre unit**, the applicant controls 97.63% of the gas interests. The applicant seeks to pool the remaining 2.37% of the gas interests. Unleased gas acreage subject to pooling totals 8.4 +/- net acres in seven tracts having eight. The applicant requested a continuance for 60 days. **The petition was continued to September.**

24. A petition from Equitable Production Company for pooling drilling unit supporting well VH-536020, **320 acre unit**, Lipps District, Wise County, Virginia. Docket Number VGOB-08-0715-2276.

In the VH-536020, **320 acre unit**, the applicant controls 91.86% of the gas interests. The applicant seeks to pool the remaining 8.14% of the gas interests. Unleased gas acreage subject to pooling totals 26.0 +/- net acres in six tracts having fourteen unleased parties. There is one unknown claimant subject to escrow indicated. After due consideration by the board, **the petition was approved.**

25. A petition from Equitable Production Company for pooling of drilling unit supporting well numbers VH-536025 and VH-539935, Tract DI-66, Coeburn Quadrangle, Lipps District, Wise County, Virginia. Docket Number VGOB-08-0715-2277.

In the VH-536020 and VH-539935, (**DI-66**)\ **320.02 acre unit**, the applicant controls 80.02% of the gas interests. The applicant seeks to pool the remaining 19.98% of the gas interests. Unleased gas acreage subject to pooling totals 64.02 +/- net acres in thirty tracts having forty unleased parties. There are unknown claimants subject to escrow indicated. During April 2008, the petition for pooling VH-536025 in a 112.69 acre unit in VGOB 08-0415-2199 was continued. Today, the applicant requests the withdrawal of docket VGOB 08-0415-2199 with the well now included within the proposed 320 acre unit. Revised exhibits were submitted indicating no escrow accounts are required in association with this petition. After discussion, **the board approved this petition and the withdrawal of the application for well VH-536025 in VGOB 08-0415-2199.**

26. A petition from Equitable Production Company for pooling of drilling unit supporting well VH-539922, (**BK-11**) Gladeville District, Wise County, Virginia. Docket number VGOB-08-0715-2278.

In the VH-539922, (**BK-11**), **320 acre unit**, the applicant controls 71.85% of the gas interests. The applicant seeks to pool the remaining 28.15% of the gas interests. Unleased gas acreage subject to pooling totals 90.11 net acres +/- in nine tracts having fifteen unleased parties. There are no unknown claimants subject to escrow indicated. The applicant submitted revised exhibits indicating the above leased or unleased percentages. Information presented indicates no escrow requirement. After due consideration by the board, **the petition was approved.**

27. A petition from Equitable Production Company for **modification** of the Nora Coalbed Gas Field Rules to allow for drilling of an additional well in units BQ-45 (VC-536305), BS-54 (VC-536944), and BU-43 (VC-536594), Kenady District, Dickenson County, Virginia. Docket Number VGOB-89-0126-0009-31.

The applicant seeks to modify units **BQ-45** (VC-536305), **BS-54** (VC-536944), and **BU-43** (VC-536594), within the Nora Coalbed Methane Field Rule to allow one additional coalbed gas well to be drilled within each of the **58.77 acre units**. Each of the second wells will be located at least 600 feet from the nearest coalbed methane well. The original field rule allows for one well per 60-acre unit. Several areas of the Nora Field have previously been approved for multiple wells. Unit BU43 is inside the window and will have a pooling application at a future time. Unit BQ-45 is leased and the one additional well will be outside interior window. Unit BS54 increased density is outside window with no correlative rights issues. After due consideration by the board, **the petition was approved.**

28. A petition from Equitable Production Company for disbursement of funds from escrow and authorization for direct payment of royalties on a portion of a 98 acre tract, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-06-0919-1718-01.

This is a petition and supplemental order for the disbursement of escrowed funds on behalf of Gary Roger Hurley, Agnes Hurley and Range Resources-Pine Mountain. Conflicting owners of coalbed methane royalties have reached a resolution and permanent royalty split (75% / 25%) agreement regarding well VC-535926 and a portion of a 98 acre lease tract under Section §45.1-361.22(5) of the Gas and Oil Act. With approval and order of this disbursement, the account will be closed. **The petition for disbursement was approved.**

29. A petition from Appalachian Energy, Inc. for pooling of coalbed methane unit AE-233, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-08-0715-2279.

In the **AE-233**, (G-100A), **61.88 acre unit**, the applicant controls 91.61% of the coal interests and 92.03% of the gas interests. The applicant seeks to pool the remaining 8.39% coal and 7.97% of the gas interests. Unleased coal acreage equals 5.19 +/- acres and the gas acreage subject to pooling totals 4.93 +/- net acres in one tract having six unleased parties. There are no unknown claimants subject to escrow indicated. Testimony by representatives of the applicant indicated an error in Application item 2e. The estimated production over the life of the proposed wells indicates a volume of 250 million cubic feet and should be corrected to an estimate of 375 million cubic feet. **With acceptance of the item 2e correction and brief deliberation by the board, the petition was approved.**

30. A petition from Appalachian Energy, Inc. for pooling of coalbed methane unit AE-231, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-08-0715-2280.

In the **AE-231**, (E-100A), **58.77 acre unit**, the applicant controls 47.66% of the coal interests and 48.97% of the gas interests. The applicant seeks to pool the remaining 52.35% coal and 51.03% of the gas interests. Unleased coal acreage totals 30.76 +/- acres in two tracts having seven unleased parties. Unleased gas acreage subject to pooling totals 30.76 +/- acres in two tracts having twelve parties. There are conflicting but no unknown claimants subject to escrow indicated. The applicant

presented a revised exhibit correcting the gas estate and the above information. After due consideration by the board, **the petition was approved.**

31. A petition from Appalachian Energy, Inc. for pooling of coalbed methane drilling unit supporting wells numbers AE-170 and AE-194, Garden District, Buchanan County, Virginia. Docket Number VGOB-08-0715-2281.

In the AE-170 (**I-37**) and AE-194 (**I-37**), **80.2 acre unit**, the applicant controls 74.59 % of the coal interests and 100 % of the gas interests leased to either Equitable or AEI. The applicant seeks to pool the remaining 25.41% of the coal interests. Unleased coal acreage totals 20.38 +/- acres in five tracts having seven unleased parties. There are conflicting but no unknown claimants subject to escrow indicated. There are no gas escrow requirements for this petition. After due consideration by the board, **the petition was approved.**

32. A petition from Range Resources-Pine Mountain, Inc. for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas wells in the Ervinton District, Dickenson County, Virginia. Docket Number VGOB-08-0715-2282.

The applicant is seeking to establish a provisional **320-acre square drilling unit** for drilling of horizontal conventional gas wells identified as (**VGOB-08-0715-2282**). Applicant owns and/or has a lease on 100% of the oil and gas interest in the entire 320.00 acre unit. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. The pool is defined as the top of the Mississippi-Devonian Age formations, including, but not limited to, the Weir, Big Lime, Berea, Devonian Shale, and all zones in communication therewith and all productive extensions thereof (the "Pool") underlying the area. No application for the drilling of this unit has been submitted prior to this petition. After due consideration by the board, **the petition was approved.**

33. A petition from Range Resources-Pine Mountain, Inc. for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas wells in the Ervinton District, Dickenson County, Virginia. Docket Number VGOB-08-0715-2283.

The applicant is seeking to establish a provisional **320-acre square** drilling unit for drilling of horizontal conventional gas wells identified as (**VGOB-08-0715-2283**). Applicant owns and/or has a lease on 100% of the oil and gas interest in the entire 320.00 acre unit. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. The pool is defined as the top of the Mississippi-Devonian Age formations, including, but not limited to, the Weir, Big Lime, Berea, Devonian Shale, and all zones in communication therewith and all productive extensions thereof (the "Pool") underlying the area. No application for the drilling of this unit has been submitted

prior to this petition. After due consideration by the board, **the petition was approved.**

34. A petition from Range Resources-Pine Mountain, Inc. for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas wells in the Ervinton District, Dickenson County, Virginia. Docket Number VGOB-08-0715-2284.

The applicant is seeking to establish a provisional **320-acre square** drilling unit for drilling of horizontal conventional gas wells identified as (**VGOB-08-0715-2284**). Applicant owns and/or has a lease on 100% of the oil and gas interest in the entire 320.00 acre unit. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. The pool is defined as the top of the Mississippi-Devonian Age formations, including, but not limited to, the Weir, Big Lime, Berea, Devonian Shale, and all zones in communication therewith and all productive extensions thereof (the "Pool") underlying the area. No application for the drilling of this unit has been submitted prior to this petition. After due consideration by the board, **the petition was approved.**

35. A petition from Chesapeake Appalachia, LLC for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas wells served by well 826879 (PP-1-H) in the Knox District, Buchanan County, Virginia. Docket Number VGOB-08-0715-2285.

The applicant is seeking to establish a provisional **320-acre square** drilling unit for drilling of horizontal conventional gas served by well 826879 (**PP-1-H**). Applicant owns and/or has a lease on 100% of the oil and gas interest in the entire 320.00 acre unit. Requested relief would include provisions for drilling of horizontal wells into any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. The pool is defined as the top of the Mississippi-Devonian Age formations, including, but not limited to, the Weir, Big Lime, Berea, Devonian Shale, and all zones in communication therewith and all productive extensions thereof (the "Pool") underlying the area. No application for the drilling of this unit has been submitted prior to this petition. Representatives Jim Kaiser, Dennis Baker and Stan Shaw presented and explained revised exhibits for this petition. After due consideration by the board, **the petition was approved.**

36. A petition from Chesapeake Appalachia, LLC for the establishment of a provisional drilling unit consisting of 320 acres for the drilling of horizontal conventional gas wells served by well 826880 (PP-2-H) in the Knox District, Buchanan County, Virginia. Docket Number VGOB-08-0715-2286.

The applicant is seeking to establish a provisional **320-acre square** drilling unit for drilling of horizontal conventional gas served by well 826880 (**PP-2-H**). Applicant owns and/or has a lease on 100% of the oil and gas interest in the entire 320.00 acre unit. Requested relief would include provisions for drilling of horizontal wells into

any of several conventional horizons, and the payment of royalties to all owners within the unit according to their percentage ownership in the unit. The pool is defined as the top of the Mississippi-Devonian Age formations, including, but not limited to, the Weir, Big Lime, Berea, Devonian Shale, and all zones in communication therewith and all productive extensions thereof (the "Pool") underlying the area. No application for the drilling of this unit has been submitted prior to this petition. Representatives Jim Kaiser, Dennis Baker and Stan Shaw presented and explained revised exhibits and plat for this petition. After due consideration by the board, **the petition was approved.**

37. A petition from Chesapeake Appalachia, LLC for pooling conventional drilling unit supporting well number 826879, Knox District, Buchanan County, Virginia. Docket Number VGOB-08-0715-2287.

In the 826879 (**PP-1-H**), **320 acre unit**, the applicant controls 86.70% of the gas interests. The applicant seeks to pool the remaining 13.29% of the gas interests. Unleased gas acreage subject to pooling totals 42.53 +/- net acres in six tracts having nineteen unleased parties. Representatives Jim Kaiser, Dennis Baker and Stan Shaw stated a revised Exhibit B would be submitted by 07-16-08. There are no unknown claimants subject to escrow indicated. After discussion, **the petition was approved by the board with the submission of revised exhibit B.**

38. A petition from Chesapeake Appalachian, LLC for **re-pooling** of conventional gas unit 826382 (PP-112), Knox District, Buchanan County, Virginia. Docket Number VGOB-07-0918-2024-01.

In the 826382 (**PP-112**), **112.69 acre unit**, the applicant now controls 98.80% of the gas interests. The applicant seeks to pool the remaining 1.20% of the gas interests. Unleased gas acreage subject to pooling totals 1.35 +/- net acres in four tracts having five unleased parties. There are unknown and unlocatable claimants subject to escrow indicated. An escrow will be established for tract 4. After deliberation by the board, **the petition was approved.**

39. A petition from CNX Gas Company, LLC for pooling of combined conventional horizontal gas units Nora AB78CV, Oakwood Unit P(-4) and Oakwood Unit P(-3) in the Prater District, Buchanan County, Virginia. Docket Number VGOB-08-0715-2288.

In this petition, **the combined ((AB78-(CV) + Oakwood Unit P (-3) + Oakwood P (-4)), 208.63 acre unit**, the applicant controls 90.77% of the gas interests. The applicant seeks to pool the remaining 9.23% of the gas interests. Unleased gas acreage subject to pooling totals 19.26 +/- net acres in six tracts having sixteen unleased parties. There are unknown and unlocatable claimants subject to escrow indicated. The unit is at a junction of the Oakwood and Nora fields. A revised plat was submitted for unit P (-4) correcting tracts 2a and 2b today. AB78 is an existing conventional well which will be used to create the horizontal conventional unit. **The applicant's petition for creation of the unit and pooling was approved.**

40. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530073, Sandlick District, and Dickenson County, Virginia. Docket Number VGOB-08-0715-2290.

In this petition, the applicant seeks a **location exception** for drilling V-530073 (a circular unit) as the EPC Well No. P-234 lies 2,310 feet to the southwest, the Range Resources Pine Mountain Well No. 536100 lies 2,325 feet northeast, well V-2135 lies 1,670 feet to the northwest and the EPC Well No. P-550291 lies 2,369 feet southeast, of the proposed site. **At the request of the petitioner, the board granted a continuance to August 2008.**

The Virginia Gas and Oil Board minutes relative to the June 17, 2008 meeting were reviewed and approved.

The Virginia Gas and Oil Board will hear public comments regarding Board matters immediately following the final docket item.

1. The board heard public comments from Mrs. Juanita Sneeuwjat, a resident of Dickenson County Virginia and advocate against natural gas and coalbed methane drilling. Sneeuwjat presented each board member with a copy of the "Appalachian Voice" Early Summer 2008 edition, and reviewed an article entitled Natural gas: Appalachia's other energy dilemma. She and other community members in support of her positions were quoted in this article. Ms. Sneeuwjat highlighted the importance of our ecosystems, the need to protect America's endangered species, and requested the board de-escalate gas well and coalbed methane permitting and gas well or coalbed methane drilling in Southwest Virginia. She discussed additional environmental protections are needed since observing an increase in these activities since 1997. Ms. Sneeuwjat requested future gas well permit notices be placed in the Dickenson Star (newspaper).

Information concerning the above docket items can be viewed from 8 a.m. to 5 p.m. Monday through Friday at the office of the Department of Mines, Minerals and Energy, Division of Gas and Oil, 230 Charwood Drive, Abingdon, Virginia. All questions concerning the agenda should be directed to the Division of Gas and Oil by telephoning 276-676-5423.

Special accommodations for the disabled will be made available at the hearing on request. Anyone needing special accommodations for the July hearing should contact the Department of Mines, Minerals and Energy, Division of Gas and Oil at 276-676-5423 or by calling the Virginia Relay Center TTY/TDD 1-800-828-1120 or 1140 by July 10, 2008.

The deadline for filing of petitions to the Board for the August hearing is 5 p.m. Friday, **July 18, 2008** with the hearing scheduled for 9 a.m. on **Tuesday, August 19, 2008** at the Southwest Virginia Higher Education Center, Abingdon, Virginia.